

## Message Text

PAGE 01 NATO 03966 232126Z

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 PM-07 INR-10 L-03 NEA-10

NSAE-00 PA-03 RSC-01 PRS-01 USIA-15 TRSE-00 MBFR-03

SAJ-01 IO-13 RSR-01 /094 W

----- 036097

R 232015Z AUG 73

FM USMISSION NATO

TO SECSTATE WASHDC 1274

SECDEF WASHDC

C O N F I D E N T I A L USNATO 3966

E.O. 11652: GDS 31-12-79

TAGS: MCAP, NATO

SUBJECT: SHARING: MEETING OF THE STUDY GROUP

BEGIN SUMMARY: STUDY GROUP ON FINANCIAL PROBLEMS ARISING FROM THE STATIONING OF FORCES ON THE TERRITORY OF OTHER NATO COUNTRIES MET ON AUGUST 23, 1973, FOR AN INITIAL DISCUSSION OF POSSIBLE OPTIONS TO DEFRAID BUDGETARY AND BALANCE OF PAYMENTS COSTS OF U.S. FORCES STATIONED IN EUROPE. DISCUSSION CENTERED ON POSSIBLE ACTIONS SUGGESTED IN AMBASSADOR RUMSFELD'S LETTER OF AUGUST 1 (USNATO 3652) TO THE SECRETARY GENERAL. WHILE LITTLE IN THE WAY OF NEW ITEMS OR IDEAS WAS GENERATED, INTERNATIONAL STAFF, BASED ON VIEWS OF DELEGATIONS EXPRESSED DURING THE MEETING, WILL UNDERTAKE TO PRODUCE AN INITIAL DRAFT OF THAT PART OF THE STUDY GROUP'S REPORT DEALING WITH OPTIONS. END SUMMARY.

1. CHARMAN OF THE STUDY GROUP (HUMPHREYS) OPENING THE MEETING CALLED ATTENTION TO THE PURPOSE OF THE BURDENSARING EXERCISE AS EXPRESSED IN AMBASSADOR RUMSFELD'S LETTER OF AUGUST 1, TO THE EFFECT THAT THE UNITED STATES WAS ASKING MEMBERS OF THE ALLIANCE TO DEVELOP A MULTILATERAL ARRANGEMENT WHICH WOULD (A) PROVIDE A SUITABLE ECONOMIC BASIS FOR CONTINUED MAINTENANCE OF U.S. EUROPEAN TROOP DEPLOYMENTS AND REFLECT CHANGES THAT HAVE OCCURRED SINCE THE TROOPS WERE FIRST DEPLOYED, (B) BE REALISTIC FOR EUROPEAN GOVERNMENTS TO UNDERTAKE, AND (C) CONTRIBUTE A STRIKING EXAMPLE  
CONFIDENTIAL

PAGE 02 NATO 03966 232126Z

OF ALLIED ACTIONS TO MORE EQUITABLY DISTRIBUTE THE BURDEN OF THE COMMON DEFENSE. HUMPHREYS FOLLOWED UP BY CALLING FOR COMMENTS, QUESTIONS AND SUGGESTIONS ON POSSIBLE ACTIONS LISTED IN THE AUGUST 1 LETTER (STATE 150394, PARAS 7 AND 8) AS ILLUSTRATIVE OF SOME

ITEMS WHICH MIGHT BE CONSIDERED FOR IMPLEMENTATION AS A MEANS OF REDUCING THE US BURDEN.

2. NONE OF THE ILLUSTRATIVE SUGGESTIONS IN THE AUGUST 1 LETTER WERE REJECTED OUTRIGHT, ALTHOUGH IT APPEARED THAT MOST DELEGATIONS WERE WITHOUT CLEAR INSTRUCTIONS ON THE SUBJECT. IN RESPONSE TO QUESTIONS, US REP (PRENDERGAST) DEVOTED CONSIDERABLE TIME TO EXPLANATION AND ELABORATION OF ITEMS IN THE AUGUST 1 LETTER. GERMAN REPRESENTATIVE EXPRESSED RELUCTANCE TO ASSUME LOCAL WAGES PAYMENTS, AND STRESSED HIS COUNTRY'S "CONSIDERABLE CONTRIBUTION" ALREADY BEING MADE THROUGH PROVISION OF REAL PROPERTY WHICH SHOULD BE CONSIDERED. GERMAN REP ALSO MADE CLEAR UNWILLINGNESS TO ASSUME DISPROPORTIONATE BURDEN SIMPLY BECAUSE FOREIGN FORCES DEFENDING THE WHOLE ALLIANCE ARE STATIONED ON THEIR TERRITORY. GREECE STRESSED ITS MILITARY BUDGETARY PROBLEMS AND A RELUCTANCE TO ENTER INTO AGREEMENTS WHICH MIGHT LEAD TO THE ASSUMPTION OF US COSTS. THE UK ASKED THAT US OPTIONS BE SPELLED OUT IN GREATER DETAIL. ITALY RESERVED ON ALL ASPECTS OF THE PROBLEMS, APPARENTLY DUE TO LACK OF INSTRUCTIONS. BELGIUM STATED THAT ITS IDEAS MIGHT BE TABLED LATER WHEN A STUDY NOW IN PROCESS HAD BEEN COMPLETED. AMONG SUGGESTIONS NOT MENTIONED IN RUMSFELD LETTER RAISED FOR FURTHER CONSIDERATION WERE: MULTILATERAL OR BILATERAL LOANS, REDUCTION IN US SHARE OF MILITARY AND CIVIL FUNDING, AN ASSUMPTION OF AID TO OTHER NATO NATIONS PRESENTLY BEING UNDERTAKEN BY THE US.

3. MENTION OF POSSIBLE ESTABLISHMENT OF A MULTILATERAL FUND FOR ELIMINATING BOP DEFICIT ON MILITARY ACCOUNT FOR NATO NATIONS STATIONING FORCES ON TERRITORY OF OTHERS RECEIVED UNENTHUSIASTIC RESPONSE. FRG CITED HISTORY OF SIMILAR PROPOSALS AND SAID SUCH A "SCHEME WAS QUITE EXCLUDED" SO FAR AS GERMANY WAS CONCERNED. CANADIAN REP NOTED THAT SUCH AN ARRANGEMENT WOULD CALL FOR EXPANSION OF EXERCISE TO CONSIDER BOP COST TO OTHER NATIONS THAN THE US.

4. IT WAS AGREED THAT THE INTERNATIONAL STAFF IN CONSULTATION WITH THE US AND OTHER DELEGATIONS WOULD PRODUCE A FIRST DRAFT OF A PAPER ON POSSIBLE REMEDIAL MEASURES FOR US BUDGETARY AND BOP PROBLEMS FOR CONSIDERATION BY THE STUDY GROUP AT ITS NEXT MEETING.  
CONFIDENTIAL

PAGE 03 NATO 03966 232126Z

PAPER WOULD BUILD ON SUGGESTIONS IN THE AUGUST 1 LETTER AND DISCUSSIONS TO DATE. IN THE MEANTIME THE US WOULD SUPPLY ADDITIONAL INFORMATION ON RUMSFELD SUGGESTED MEASURES WHILE OTHERS WERE URGED TO SUBMIT FURTHER IDEAS. GROUP WILL MEET AGAIN AUGUST 24 TO STUDY THE DATA PORTION OF THE STUDY AND ON CALL OF THE CHAIRMAN TO CONSIDER THE INTERNATIONAL STAFF DRAFT PAPER.

COMMENT: MEETING GENERATED A THREE-HOUR DISCUSSION, PRODUCED SOME IDEAS, AUTHORIZED IMMEDIATE START ON PREPARATION OF FIRST DRAFT OF REPORT AND IN NO CASE WERE ANY OF US SUGGESTIONS REJECTED. SPIRIT WAS IN GENERAL CONSTRUCTIVE. REQUESTS OF SEVERAL ALLIES FOR FULLER AND MORE DETAILED STATEMENT FROM US ON MEASURES WHICH IT WOULD REGARD AS HELPFUL SUGGEST THAT WE MUST OFTEN PROVIDE LEADS

IF THIS EFFORT IS TO ACHIEVE TIMELY AND SATISFACTORY RESULTS.  
MEETING REINFORCED MISSION BELIEF IN VALUE OF AN ACTION  
PROGRAM OF THE TYPE PROPOSED IN USNATO 3817 AND 3818.  
RUMSFELD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 02 APR 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 AUG 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973NATO03966  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS 31-12-79  
**Errors:** n/a  
**Film Number:** n/a  
**From:** NATO  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** boyleja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 15 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <15-Aug-2001 by kelleyw0>; APPROVED <21-Sep-2001 by boyleja>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SHARING: MEETING OF THE STUDY GROUP  
**TAGS:** MCAP, NATO  
**To:** STATE  
**SECDEF**  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005